(c) what steps are being taken so that such a situation could be avoided?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) As per the RBI report on State Finances, A Study of Budgets of 1999-2000, the revenue deficit for 25 States and NCT of Delhi absorbed 53.8 percent of their Gross Fiscal Deficit in 1998-99. High revenue deficits impinge upon the fiscal deficit by pushing up the borrowing requirements of State Governments and by diverting a high proportion of borrowed funds into financing current expenditure. State Governments are autonomous under the Constitution and are expected to take measures of their preference from time to time to improve their finanical status. However, as recommended by the National Development Council Sub-Committee, some States have evolved and undertaken their own medium term fiscal reform programme aimed at reduction in revenue deficit through increased revenue mobilisation, reduction in non-plan revenue expenditure, correction in pricing and subsidy, and disinvestment. The Government of India has created a facility for extending medium term assistance to those states who have entered into an agreement with Government of India for initiating monitorable fiscal reform programmes.

Non-Payment of Returns to Investors of Indian Bank Mutual Fund

515. DR. GOPALRAO VITHALRAO PATIL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Indian Bank Mutual Fund is in no mood to pay up the assured returns of around Rs. 70 crores to investors of Ind Prakash Scheme; and

(b) if so, in what manner Government will be assisting Investors in getting their assured returns from Indian Bank Mutual Fund?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) The Indian Bank Mutual Fund had floated the Ind Prakash Scheme in 1992 which offered assured returns. Subsequently, SEBI received complaints

from investors stating that the fund was not honouring its commitments made under the scheme. On 30th November, 1999, under Section 11B of the SEBI Act, 1992, SEBI issued directions to Indian Bank Mutual Fund to pay the assured returns to the investors and in case it is unable to do so, the shortfall shall be borne by Indian Bank which is the sponsor as well as the Principal Trustee of the mutual fund.

Indian Bank Mutual Fund and Indian Bank Preferred an appeal to the Central Government against SEBI's directions. The Government rejected the appeal vide its order dated 18.2.2000 and directed the appellants to comply with SEBI's directions within two months.

Money Released for Recapitalisation of Banks

516. SHRI PRAFULL GORADIA: Will the Minister of FINANCE be pleased to state:

(a) the amount of non-performing assets of the Indian Bank at the end of March, 1998;

(b) the amount of money already released to the Indian Bank by Government for recapitalisation; and

(c) what action has been taken against Indian Bank officers responsible for those non-performing assets of the banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) As reported by the Indian Bank, the net non-performing of assets of Indian Bank as on 31.3.1998 was Rs. 1888.67 crores.

(b) An amount of Rs. 2494.96 crores was released to the Indian Bank upto 31.3.1999 by way of recapitalistion assistance.

(c) Non Performing Assets (NPAs) arise for a number of reasons not all of which are attributable to action or in action on the part of the officials of the banks. Some of the reasons are external to the bank and do not arise from either deficiency in credit appraisal or